

Deal would extend MILC, lower payments

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A Senate Republican plan would extend a federal dairy price-support program but reduce the amount of money dairy farmers would receive from it.

Under the proposal, to be voted on in the Senate Agriculture Committee Thursday, the Milk Income Loss Contract program would be extended for two years. But, along with other farm payments, the program would be cut 2.5 percent. In addition, the rate of compensation for low milk prices would be reduced.

The program, known as MILC, expired last month. When prices fell below a baseline level, the program paid dairy farmers cash to cover 45 percent of the difference. Under the plan by Sen. Saxby Chambliss, R-Ga., the Agriculture Committee chairman, that rate would be reduced to 34 percent.

The MILC provision is one of several in the spending plan aimed at reducing farm spending by \$3 billion.

"We still have miles to go to the finish line, but now we've gotten a MILC renewal plan onto the track," said Sen. Patrick Leahy, D-Vt. "We know how much Vermont's dairy farmers depend on this lifeline, and we know there are more obstacles ahead of us, but we will continue to do all we can to renew it."

U.S. Sen. James Jeffords, I-Vt., said the program has been "very effective and efficient."

"Senator Leahy deserves much credit for his work on behalf of Vermont farmers," said Jeffords. "There are going to be some very tough choices in the reconciliation process, but I am pleased that the MILC extension will be included."

Farmers in Wisconsin and Minnesota are among the top beneficiaries of the program. Since its inception in 2002, the MILC program has paid Wisconsin dairy farmers over \$400 million, more than any other state. Minnesota dairy farmers have picked up about \$162 million, fourth in the nation. Overall, the taxpayer-funded program has paid out a little more than \$2 billion.

Because the program pays farmers only when prices are low, very little of that has come in the past two years, when prices have been above average. And even though the program lapsed on Sept. 30, it has had no immediate effect because prices have been too high to trigger any payments in October.

Sen. Herb Kohl of Wisconsin, the ranking Democrat on the Senate Appropriations agriculture subcommittee, said he was encouraged to see the program included in Chambliss' plan.

"The extension is not at the level we would like," he added. "However, with continued bipartisan cooperation, I am hopeful we will be able to move a full extension of MILC to the president's desk soon."

Sen. Norm Coleman, R-Minn., called the extension a victory for Minnesota.

"This program has been crucial for Minnesota dairy farmers in the past, and thanks to this extension, it will continue to support these hard working families into the future," he said.

Rep. Mark Green, R-Wis., called the proposed extension a "placeholder" that proponents can build on in future congressional negotiations.

"This is a positive step," he said. "Now we'll go to work to get to levels" in place through last week.

The MILC program became an issue in last year's presidential race, when Democrats used it to challenge President Bush's commitment to dairy farmers in the swing state of Wisconsin. Bush responded on the

campaign trail in Wisconsin by endorsing the program and calling on Congress to renew it, but Congress adjourned for the year without doing so.

Taxpayer groups have singled out the MILC program as a waste of money, noting that the dairy price support system, which predates it, already provides a safety net for farmers. Under that program, the Agriculture Department offers to buy surplus cheese, butter and milk from farmers.

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